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**Independent Auditor's Report
For the year Ending**

December 31, 1995

**NINE MILE POINT
Volunteer Fire Company**

under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

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NINE MILE POINT VOLUNTEER FIRE CO.

Financial Statements

December 31, 1995

TABLE OF CONTENTS

Independent Auditor's Report.....	Pages 1
Combined Balance Sheet - All Fund Types and Account Groups.....	Page 2
Combined Statement of Revenues, Expenditures, and Changes in Fund Balance.....	Page 3-4
Notes to Financial Statements.....	Pages 5-8
Independent Auditor's Report on Compliance With Laws and Regulations Based on an Audit of Financial Statements.....	Page 9
Independent Auditor's Report on the Internal Control Structure Based on an Audit of Financial Statements.....	Pages 10-11
Management Letter.....	Pages 12-14



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INDEPENDENT AUDITOR'S REPORT

To the Directors:
Nine Mile Point Volunteer Fire Co.

I have audited the accompanying general purpose financial statements of Nine Mile Point Volunteer Fire Co., as of and for the year ended December 31, 1995, as listed in the table of contents. These general purpose financial statements are the responsibility of the Nine Mile Point Volunteer Fire Co. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Nine Mile Point Volunteer Fire Co. as of December 31, 1995, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles. My audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole.

As discussed in Note 11 to the financial statements, Nine Mile Point Volunteer Fire Company is a defendant in a lawsuit alleging sexual harrassment to a former employee. The ultimate outcome of the litigation cannot presently be determined. Accordingly, no provision for any liability that may result upon adjudication has been made in the accompanying financial statements.

JIM MARTIN, CPA
Marrero, Louisiana

June 24, 1996

NINE MILE POINT VOLUNTEER FIRE CO.
COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS

DECEMBER 31, 1995

	GOVERNMENTAL FUND TYPE	ACCOUNT GROUP	TOTAL
	General Fund	General Fixed Assets	(MEMO ONLY)
ASSETS			
Cash – Operating Account	\$ 39,901	\$	\$ 39,901
Cash – Payroll Account	121		121
Cash – Private Account	37,759		37,759
Cash – Petty Fund	177		177
Cash – FNBC Ice Account	0		0
Cash – J.P. Credit Union Ice Account	382		382
Cash – CD First National Bank	25,000		25,000
Cash – CD Whitney National Bank	20,316		20,316
A/R – Employees	14		14
Refundable Deposits (Note 5)	150		150
Vehicles		31,624	31,624
Fire Truck #796		32,437	32,437
Buildings – Station 78 (Note 4)		452,937	452,937
Buildings – Station 79		153,300	153,300
Buildings – New Station		366	366
Equipment – Station 78		163,057	163,057
Equipment – Station 79		30,813	30,813
Real Estate		25,000	25,000
TOTAL ASSETS	\$ 123,820	\$ 889,534	\$ 1,013,354
LIABILITIES			
FWH & FICA Payable	\$ 0		\$ 0
State W/H Payable	1,263		1,263
SUTA Payable	30		30
FUTA Payable	656		656
TOTAL LIABILITIES	\$ 1,949	\$ 0	\$ 1,949
Investment in Fixed Assets		\$ 889,534	\$ 889,534
General Operating Fund	\$ 121,871		\$ 121,871
TOTAL LIABILITIES & FUND BALANCES	\$ 123,820	\$ 889,534	\$ 1,013,354

The accompanying notes are an integral part of this statement

NINE MILE POINT VOLUNTEER FIRE CO.
COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 1995

REVENUES			
Jefferson Parish – Contract	(Note 7)	\$ 356,400	86.6
Jefferson Parish – Monthly Subsidy		18,000	4.4
Jefferson Parish – Quarterly Subsidy		8,000	1.9
Interest	(Note 2)	2,616	0.6
Insurance Rebate		7,656	1.9
Other Income	(Note 8)	<u>18,847</u>	4.6
TOTAL REVENUES		\$ 411,519	100.0
EXPENDITURES			
Advertising		108	0.0
Auto Travel		158	0.0
Bank Charges		557	0.1
Community Relations		273	0.1
Contributions		249	0.1
Conventions/Seminars		1,286	0.3
Dues & Subscriptions		1,375	0.3
Food Service		3,865	0.9
First Aid Training & Support		1,591	0.4
Fire Fighting Gear		2050	0.5
Fuel & Oil		2,792	0.7
Incentive Pay		9,465	2.3
Insurance – Casualty		31,839	7.7
Insurance – Health Plan		27,221	6.6
Institutional Supplies		221	0.1
Janitorial		2,084	0.5
Legal & Professional		7,313	1.8
Maintenance – Station		3,743	0.9
Maintenance – Vehicles		1,607	0.4
Medical		2,533	0.6
Miscellaneous – Sundry		898	0.2
Morale	(Note 9)	477	0.1
Office Supplies		5,586	1.4
Official Functions		3,450	0.8
Payroll Taxes		17,351	4.2
Repairs – Equipment		1,562	0.4
Repairs – Station		966	0.2
Repairs – Vehicles		13,391	3.3
Rental Equipment		(1,634)	-0.4
Retirement Benefits		7075.2	1.7
Security		285	0.1
Taxes & Licenses		16	0.0
Telephone		281	0.1
Training & Educational		787	0.2
Uniforms		5,715	1.4
Utilities		11,276	2.7
Wages		<u>180,114</u>	43.8
TOTAL OPERATING EXPENDITURES		<u>347,926</u>	84.5

The accompanying notes are an integral part of this statement

**NINE MILE POINT VOLUNTEER FIRE CO.
COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE**

FOR THE YEAR ENDED DECEMBER 31, 1995

Other Expenses:		
Interest Expense	14.22	0.0
TOTAL OTHER EXPENSES	14.22	0.0
EXCESS REVENUE OVER/(UNDER) EXPENDITURES	63,579	15.4
INCREASE IN FIXED ASSETS	23,548	
FUND BALANCE, BEGINNING OF YEAR	\$ <u>98,323</u>	
FUND BALANCE, END OF YEAR	\$ <u><u>121,871</u></u>	

The accompanying notes are an integral part of this statement

NINE MILE POINT VOLUNTEER FIRE CO.
Notes to Financial Statements
December 31, 1995

1. Summary of Significant Accounting Policies:

a. **Statement of Presentation.**

In April 1984, the Financial Accounting Foundation established the Governmental Accounting Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a codification of governmental accounting and financial reporting standards. This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local government. The accompanying financial statements have been prepared in accordance with such principles.

Nine Mile Point Volunteer Fire Co. maintains two stations. One is located at 1024 Oak Avenue (Station 78) and the other at 900 Patton Lane (Station 79). Additionally, plans are in the works to provide for a third station on the corner of Lapalco Blvd. and Nicole Blvd. Accounting records are maintained at the Oak Avenue address.

b. **Basis of Accounting**

Nine Mile Point Volunteer Fire Co. maintains its records on a modified cash basis of accounting. Revenues are recognized when received and expenses with the exception of payroll tax liabilities are recorded when checks are written. Payroll tax liabilities are recorded when payroll checks are issued.

c. **Budgets and Budgetary Accounting**

The Local Government Budget Act (LSA-RS 39:1301-1316) is primary guidance (and legal requirement) for local governmental units. Nine Mile Point Volunteer Fire Co. prepared a budget for the 1995 calendar. At year end, a new budget was proposed based on expenditures of 1995 and expected income for 1996.

d. **The board uses a fund (General Fund) and an account group to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.**

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

The General Fund of the board is classified as a governmental fund. The General Fund accounts for the board's general activities, including the collection and

disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. The General Fund is the general operating fund of the board and accounts for all financial resources, except those required to be accounted for in other funds.

2. Cash:

Cash consists of the amounts in noninterest-bearing demand deposits and interest-bearing accounts. One certificate of deposit is held in an interest bearing account and the interest is received monthly. A second certificate of deposit is non-interest bearing.

3. Income Tax Status:

Nine Mile Point Volunteer Fire Co. is a publicly supported not-for-profit organization and is generally exempt from Federal income tax under Section 501(c)(4) of the Internal Revenue Code. Contributions are tax deductible under Section 501(c)(3) of the Code.

4. Fixed Assets and General Long-Term Obligations:

Fixed assets are accounted for in the general fixed assets account group, rather than in the General Fund. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost where available. All other assets were reviewed at December 31, 1995 and are being carried at their fair market value. An inventory listing was prepared which includes all land, buildings, and equipment. No depreciation or amortization is recorded. Additionally, there are three fire trucks which are owned by the parish that are not carried on the books. They are valued as follows:

- (2) 1981 Grumman's \$105,579.00 each
- (1) 1986 Ford Rescue \$37,993.00

A summary of property and equipment owned by the Nine Mile Point Volunteer Fire Co. is presented below:

	Station 78	Station 79
Buildings:		
Fire Station	395,937	100,300
Dwellings	40,000	45,000
Utility Sheds	17,000	8,000
 New Station (Gate)	 366	

Property & Equipment:

Station Contents	123,462	5,620
Equipment	39,594	25,193
Vehicles	31,624	32,437
Dwelling Contents	6,377	1,704

Real Estate:

Lot on Oak Avenue	25,000
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There were no long-term obligations at December 31, 1995.

5. Deposits:

The \$150.00 represents utility deposits paid to maintain residences at Oak Avenue and Tiffany Court.

6. Pension Plan

There was no pension plan in effect during the 1995 calendar year.

7. Contracts:

Nine Mile Point Volunteer Fire Company is one of seven service companies contracted by Jefferson Parish, Louisiana to provide the Seventh District of Jefferson Parish with fire protection. The original contract was dated September 3, 1980 and covered a ten year period. The contract was extended to coincide with the millage election of 1993, which expired in December of 1993.

The new contract became effective January 1994 and will run concurrent with the millage for 10 years. Funds provided by Jefferson Parish for the 1995 year are as follows:

	Monthly	Qtrly	Other	Total
Ad Valorem				
Jan-Dec 1994	29,700			356,400
Parish Sales Tax	1,500			18,000
Parish Contribution		2,000		8,000
Fire Insurance Rebate			7,656	7,656
	-----	-----	-----	-----
	31,200	2,000	7,656	390,056
	=====	=====	=====	=====

8. Other Income:

Other income is comprised of membership dues, rental income, insurance proceeds, and ice sales from the Oak Avenue facility.

9. Morale:

The morale account is composed of expenditures used for officer installations, awards, and other items to enhance the morale of the membership.

10. Audits:

Audits of quasi-governmental entities are under the provisions of LSA-RS 24:513 which states that any local auditee that receives \$350,000 or more in revenues and other sources in any one fiscal year, but less than \$3,500,000, shall be audited once every two years, said audit to include the transactions of both years. Such audits shall be completed within six months of the close of the entity's fiscal year. Nine Mile Point Volunteer Fire Company is in compliance with this audit requirement for the 1995 calendar year.

11. Subsequent Events:

Nine Mile Point Volunteer Fire Co. receives legal representation from Attorney Michael K. Fitzpatrick of Porteous, Hainkel, Johnson and Sarpy, L.L.P. Mr. Fitzpatrick sent us written representation of the following situation. There is currently pending a lawsuit filed in the Twenty-Fourth Judicial District Court against the Nine Mile Point Volunteer Fire Co. by a former employee alleging sexual harassment against the assistant chief. At the present time, CIGNA, the insurer of Nine Mile Point, has retained Attorney Sheryl Story to represent Nine Mile Point in this lawsuit. An answer has been filed on behalf of Nine Mile Point, but no discovery has been conducted. Thus, it is not possible at this early stage of litigation to determine the likelihood of an unfavorable outcome or an estimate of the amount or range of potential loss.



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS AND
REGULATIONS MATERIAL TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

To the Directors:
Nine Mile Point Volunteer Fire Co.

I have audited the financial statements of Nine Mile Point Volunteer Fire Co. as of and for the year ended December 31, 1995, and have issued my report thereon dated June 24, 1996.

I conducted my audit in accordance with generally accepted auditing standards and Governmental Auditing Standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Nine Mile Point Volunteer Fire Co. is the responsibility of Nine Mile Point Volunteer Fire Company's management. As part of my obtaining reasonable assurance about whether the financial statements are free from material misstatement, I performed tests of the Nine Mile Point Volunteer Fire Company's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of my audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

I noted certain immaterial instances of noncompliance that I have reported to the management of Nine Mile Point Volunteer Fire Company in a separate letter dated June 24, 1996.

This report is intended for the information of the Directors and management of the Nine Mile Point Volunteer Fire Company. This restriction is not intended to limit the distribution of this report, which is a matter of public record.


JIM MARTIN, CPA
Marrero, Louisiana

June 24, 1996



JIM MARTIN

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE BASED
SOLELY ON AN AUDIT OF THE GENERAL PURPOSE FINANCIAL STATEMENTS**

To the Directors:
Nine Mile Point Volunteer Fire Co.

I have audited the general-purpose financial statements of Nine Mile Point Volunteer Fire Co. as of and for the year ended December 31, 1995, and have issued my report thereon dated June 24, 1996.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement.

The management of Nine Mile Point Volunteer Fire Co. is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general-purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitation in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing my audit of the general-purpose financial statements of Nine Mile Point Volunteer Fire Co. for the year ended December 31, 1995, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the general-purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion. I noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertion of management in the general-purpose financial statements.



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MANAGEMENT LETTER

To the directors:
Nine Mile Point Volunteer Fire Co.

This letter is directed to the managing body of Nine Mile Point Volunteer Fire Company and is intended to identify certain immaterial weaknesses found while conducting this audit.

1. Adequate Books and Records

Article 13 of the contract arrangement with Jefferson Parish states that the companies agree to maintain adequate books and records showing the disbursements of all public funds received.

(a) The department maintains a private account which it refers to as "The Ice Account." This account consists of private donations from the public in return for ice. The funds of this account are used for enhancement of morale of the employees and volunteers of the Nine Mile Point Volunteer Fire Department.

Since these funds are recorded on the books of the department, they should be properly accounted for even though they are not derived from Jefferson Parish Funds.

Each month the checks that are written and any deposits made should be issued to the bookkeeper in order to maintain an adequate accounting of them. For the calendar year January 1, 1995 through December 31, 1995, the revenues and expenditures of the ice account have not been contemporaneously maintained.

(b) Bank reconciliations were not completed for all of the bank accounts. Regular bank reconciliations were completed for the operations and payroll accounts, but not for any others. All accounts should have a monthly reconciliation.

(c) There were incidences of accounts payable invoices being overpaid. These occurrences seemed to be caused by clerical error on the part of the administrative assistant.

(d) Invoice documentation was not available on some disbursements. All disbursements should be supported with the appropriate invoices, purchase orders, and requisitions.

(e) Disbursements were not always classified correctly. Checks written for beeper expenses were classified as rental equipment when a more accurate classification would be to telephone/beeper expense.

(f) On one occasion deposits totaling \$36,279.24 were incorrectly deposited into the payroll account and later correctly moved to the operating and private accounts.

2. Purchase Orders and Requisitions

Nine Mile Point Volunteer Fire Department is required to follow the guidelines of the Standard Operating Procedures regarding the use of purchase orders and purchase requisitions. These procedures require the fire department to obtain a purchase order for all purchases over \$25.00. For purchases over \$100.00 and less than \$500.00, three telephone quotes are required and should be filed on a departmental requisition. For purchases over \$500.00 but less than \$2,000, three written quotes are required. These procedures were not always followed as required throughout the audit period. On occasion, there were disbursements made that did not have a corresponding purchase order or that had incomplete purchase orders. Also, there were not any requisitions on file for the purchases that require either a telephone quote or written quote. These procedures need to be implemented and followed through with all purchases that require them.

3. Budgetary Process

Nine Mile Point Fire Company operates based on a budget presented annually to the membership. Although budgets are based on estimated revenues and expenditures, it appears that certain line items were not in line with the budgetary projections.

More attention needs to be given to the budgetary process and if necessary, periodically re-address certain line items. Further, I would suggest that monthly financial statements be issued with budgets and variances on a regular basis.

4. Payroll

(a) A number of employee time records were not being completed properly. More specifically, various records sampled had the following deficiencies: (1) no total hours worked; (2) no employee signature on the time sheet; (3) overtime authorization sheets not signed; (4) dates for the work period were not filled in.

I do realize that during this audit period the payroll was changed to a computerized system. However, I think more attention should be given to the actual recording of hours and proper authorization.

Procedures authorizing special pay and bonus pay should be more clearly defined. The manner in which the pay rates are computed seems to be cumbersome. When cross-referencing the rates with the time keeping it is difficult to follow on a pay-period by pay-period basis.

Time sheets reviewed did not allow a place for total hours worked. Since employees are being paid based on a rate, I think it is essential for the hours to be shown on the time sheet and cross-referenced back to the payroll journal by the pay date.

(b) Payroll tax reports were not always filed on a timely basis. This did cause the Fire Company to incur some unnecessary late filing fees during the year.

(c) Payroll liabilities are not being posted directly against the liability when paid nor are they being closed against the Federal Tax Deposits account on a regular basis.

The procedure to maintain the correct amounts owed for payroll tax liabilities should include accounts for FICA, FWH, SWH, SUTA, and FUTA payable. When checks are written and deposits are made, the appropriate account should be debited or credited during that cycle.

5. Compliance Issues

The use of directory assistance is prohibited by the Jefferson Parish Office of Communications, but it was used in 1995. The board should make the fire company employees aware of this compliance issue.



JIM MARTIN, CPA
Marrero, Louisiana

June 24, 1996